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Australian Labor Party

The British Economic Mission

Victoria

1929

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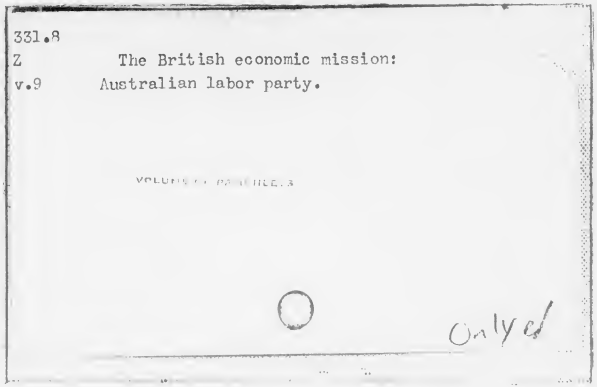

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The BRITISH ECONOMIC MISSION

Labor's Review of the Report

Its Inner Meaning Revealed

Issued by the Australian Labor Party,
Victoria, 1929

PRICE THREEPENCE

Labor Call Print, 20 Victoria Street, Carlton.

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FOREWORD

The British Economic Commission's Report of 7th January, 1929, having attracted Australia-wide notice, as well as the interest of other countries, the Victorian Central Executive of the Australian Labor Party resolved to subject the Report to a critical examination. Three members of the Executive (Messrs. J. F. Chapple, T. C. Carey and J. Kean) were appointed a Special Committee to draft a statement reviewing the conclusions and presenting Labor's position in regard to Australia's problems surveyed in the Report of the "Big Four," affectionately designated such by the Capitalist press of Australia.

This pamphlet is issued in terms of a resolution adopted on February 22nd, 1929, by the Victorian Central Executive of the Australian Labor Part. The resolution reads:—

"In the opinion of this Executive the Report of the British Economic Commission justifies Labor's condemnation of the Capitalist system in Australia—a system which impoverishes the great mass of the people who toil, and which produces widespread unemployment.

"Further, that this Executive's review of the Mission's Report be printed and circulated in Australia and overseas English-speaking countries to correct the impression created by the daily press that Labor leaders in Australia were in agreement with the Commission's advice and recommendations for the perpetuating of the present anti-social economic system."

The personnel and status of the British Economic Commission are given on the last page.

BRITISH ECONOMIC MISSION

REPORT EXAMINED BY LABOR

Australia Facing Ruin Through Capitalist Government

Note.—The words in italics and underlined are literal quotations from the Report.

1. The report of the "Big Four" supplies a document of considerable interest to the progressive elements in our Australian civilisation. They came, they saw, they pondered "*over the development of Australian resources and over other methods of mutual economic interest to Great Britain and the Commonwealth, which may tend to the promotion of trade between the two countries and the increase of settlement in Australia.*"

2. These four, commissioned under the foregoing terms of reference, were nominated by the British Government under arrangements with Mr. Bruce and his Government—arrangements commenced in 1926 at the Imperial Conference in London, when Mr. Bruce represented the Australian Commonwealth. Designated the British Economic Commission, our four visitors mentioned, of rich understanding of worldly affairs, were selected as the men of highest standing in the realm of British Empire Commerce, Finance and Big Business.

THEIR EMPIRE OBJECTIVE.

3. Charged with the great trust of drafting plans for inter-Empire development along commercial and industrial lines, they were sent out to study, first hand, Australia's economic prospects, and to receive and maintain Britain's now considerable "surplus" population, and to suggest to our State and Commonwealth Governments, in what way inhibitions and hindrances to industrial progress generally might be coped with.

4. They addressed themselves earnestly to their mission. They came, not to espouse new theories, nor to appear as evangelists of a new Social order, but made it plainly and straightforwardly manifest that they proposed to examine things critically in the light of present-day realities. They came as doctors of the old Social-economic system of individualism and private enterprise, and, without disguising it, they held immovably to the superstition that Capitalism was predestined to remain fixed and external—poverty, unemployment and the persistence of inhuman industrial warfare notwithstanding.

THE PLIGHT OF BRITAIN.

5. They came to take stock of Australia's resources and to mark her commercial and industrial expansion—for what object at this particular time and circumstance? Is not Britain in desperate industrial straits? There is no place there for the whole of her industrial population under present social-economic conditions; deepening poverty, unemployment and social disease stalk the land. The British working masses had heroically answered the call of supreme sacrifice to "Win the War." Eleven years had now intervened, but the "new world after the War" had not eventuated.

6. Britain's rulers—Parliamentary and otherwise — have perforce canvassed every expedient calculated to alter the grim situation existing. Widespread semi-starvation and revolution condition each other. Dominion outlet for the "surplus population" suggested itself as the only alternative, especially as the United States had limited immigration to the quota system.

THE MIGRATION LOAN SCHEME.

7. So there was proposed to the Australian Governments that £34,000,000 be accepted on generous Loan conditions from the British Exchequer to provide the readiest means of transporting to Australia, and establishing here, some thousands yearly of our British-born kith and kin. A Development and Migration Commission in this connection was ultimately set up by the Bruce Government to direct the ambitious project.

8. But notwithstanding the "vigorous assisted immigration" policy of Australian Nationalists, prosecuted for decades past at great cost to its people, and, notwithstanding the £34,000,000 Migration Contract added thereto, practical failure is the only result.

THE TRUTH BREAKS THROUGH.

9. Let the British Economic Commission speak for itself on the facts of the case. They report, "*We are faced with the fact that while Australia's door remains wide open to any British subject . . . the total numbers of assisted migrants have in recent years shown a sensible decline.*" (Page 11).

10. And again: "*On the latest figure given to us of unemployment, viz., 11.4 per cent. of the working population . . . there is no doubt that unemployment in Australia has of late been upon the increase. The circumstances of the time are thus not favorable to migration from overseas, and when, as has recently been the case in West Australia, there appear to be good openings for new settlers, these openings are rapidly filled by persons coming from the Eastern States.*" (Page 11).

11. In this relation the report wholly vindicates the attitude of our Australian Labor Party in opposition to artificially stimulated immigration, and on Page 4 the "Big Four" observed: "*If the desired conditions of Australian prosperity, and power to absorb population are not present, artificial means of promoting trade with and migration from Great Britain must fail.*"

12. These facts observed, and the views expressed by such recognised master minds of English Conservatism—mentors of the Nationalist Party in Australia—surely explode the dictum of interested minds, that immigration of itself will make Australia prosper, that increased population introduced into the country artificially, will provide increased employment generally. Quite the contrary is the truth of the matter on the authority of the British Economic Commission.

DISILLUSIONMENT.

13. A close perusal of the report, which reveals much candour and marked deliberation throughout, prompts the inference that the Economic Commission are sorely disappointed with the economic prospects of this outpost of the British Empire. The "Big Four," in consenting to investigate Australia, firsthand, virtually admitted that Australia as a Nation loomed as large in their mind as it did in the map of the world. In their own words they "*appreciated that Australia presents the only example in the world of one people possessing and controlling an island continent.*" They had (like the deluded immigrants) become much influenced by Nationalist-promoted Australian migration advertisements as they appeared in the press, picture screens and hoardings of Britain. They had heard of early harbor settlements, pastoral and agricultural pursuits, great gold and other mineral discoveries, secondary industries and numberless other things of Australian renown, including, maybe, our cricketers, scullers, boxers, bowlers, etc. As they approached our shores the feeling possessed them that they were due to witness the developments which, as they then selves put it, "*had resulted in the establishment of a great Dominion of the British Empire, consisting of a people almost entirely of British descent, and numbering over 6,000,000 persons, whose record of achievement as pioneers, administrators and soldiers stands as high as any to be found in the history of the world.*"

CAPITALIST OPPORTUNITY.

14. And in passing, let it be noted, furthermore, that as educated men they were well aware that at no stage in the history of the world was there offered to, and made available to, Individualism and Private Enterprise such untrammelled opportunity of "making good" in a social-economic sense. Individual enterprise and initiative with all its reputed courage and daring, organising genius and masterly exploits, has held sway in Australia for over 100 years, controlling alike Government, Industry, Commerce, and the whole economic life of the island continent. Its nation-building was in no way hindered by earthquakes, civil wars or foreign aggression. There was open to Australian Private Enterprise all that modern science and invention offered all that mechanical genius is capable of in the application of natural power to industry, and the latest modes of production and transport. In addition to all this, the whole of the lands of Australia at present worth owning have been "alienated" to private owners as freehold. Furthermore, through Government (on the credit of the working-class community and without imposing one shilling lien on private property of any kind), at least £800,000,000 of loan money (not including £333,000,000 War debt) has been applied, through the State agencies of Railways, Tramways, Docks and Harbors, Irrigation Works, etc., to support the efforts of private enterprise and to enhance the value and profit-earning capacity of private property. Yet, still further, there has been added to all this the fiscal system of Protection, with its heavy duties on imported products, besides subsidies and bounties applied to local production, almost the whole costs of which are levied on working-class purchases, forming their daily needs.

HUMILIATING EXPOSURE.

15. After three months investigation, "*after more than a hundred conferences with Governments and their officials, with representative public bodies, with Labor organisations, and with associations of producers and traders of every kind*"—what is the net outcome of their conclusions?

16. The British Economic Commission, in effect, confess in their report that Private Enterprise, having been given full and free play to "*establish a great Dominion of the British Empire,*" has after its clear 100 years' trial, landed our "island continent," with its "*large range of climatic conditions*" and almost illimitable resources, into the gloomy impasse here summarised:—

17. (1) That in its present social-economic circumstances, Australia has not the power of absorption in respect to new population migrated from Great Britain.

(2) That Australia is unable to sustain her present meagre population of 6,000,000, as witness that one-ninth of her working population cannot be found a place in industry.

(3) That the wage-earning population, under Australian industrial modes, are condemned to nothing better than a mere subsistence wage, no matter how industrious and efficient they are, or may, become. They are denied the "right that wages (real wages) should rise, and that workmen should share in the increased prosperity so largely attributable to them"—the very words of the Commission's report (page 18).

(4) That the lands of Australia, under private ownership, are not put to intensive use, except to a comparatively small degree, which "much struck" the Commission. (Page 40).

(5) That the costs of production in Australia are too high, for which the Customs Tariff, Arbitration Acts and Navigation Acts are blamed by the Commission. (Page 13).

(6) That the outlook is serious in respect to Australia's public indebtedness, resulting from heavy expenditure of loan capital on development undertakings which have not proved self-supporting, and have imposed a heavy burden on the general community, and consequently on the cost of living and production. (Page 7).

(7) That the future resources of the country have been pledged to too great an extent, and that the future prosperity upon which Australia can reasonably reckon has been mortgaged too deeply in promoting private property interests. (Page 9).

AUSTRALIA HIDE-BOUND ECONOMICALLY.

18. Such is the assessment by the Commission of Australia, after its century of Private Enterprise, and three-quarters of a century of Liberal rule, assessed by strictly anti-Socialist, non-Labor and truly British orthodox Conservatives.

19. Had they any Socialist leanings they might have drawn upon some further obvious facts revealing Australia's comparative stagnation under State-aided Private Enterprise. For instance:—

20. The amount of land, privately-owned or in process of alienation, in Australia equals the total areas of Italy, Greece, Bulgaria, Switzerland, Portugal, Belgium and Holland—European countries of primary production mainly, as in the case of Australia. But the countries named sustain a population of about 80,000,000, as against Australia's six millions, which at present she is not really able to sustain. Furthermore, the lands of Australia, privately owned or held in occupation under license or lease-hold, equal half the area of Europe itself which contains a population of nearly 600,000,000.

CAUSE AND EFFECT.

21. Did not their conservative prudence restrain them from dealing mortal injury to the prestige of Capitalism in tralia, the Commission might unequivocally have identified the prime factor of the stagnation, high cost of production, unemployment and industrial unrest in Australia. They might, in positive truth, have pointed out that the bounding millions in loan expenditures, through the States and Commonwealth Governments, applied to Railways, Public Highways, Harbors Irrigation and Water Conservation, Post Offices, and so forth, in its nature was something, not Socialistic at all, but essentially Capitalistic in objective. Such State enterprises, so-called, were designed, not to serve the common interests of the whole people, so much as to serve private-property interests, and the losses from operations and deficiencies, due to interest charges, etc., were, notwithstanding, liquidated from general revenue collected in taxes from the community as a whole, whilst the property owners, who primarily benefited, escaped.

22. The "Big Four" in their report (page 21) felt at least constrained to point to the truth of the foregoing, in effect, and to lay it down that Private Enterprise (the pastoralists in that case) should bear their own burden and not the community. Through other references in their report they also implied that the unfavorable position of the country to-day was in no small measure due to too much State support of Capitalism at serious cost and loss to the community generally.

PRIVATE ENTERPRISE INFLATION.

23. And in what way has the present unhappy state of Australia been produced by the operation of Capitalist Governments of the past in borrowing, on the community credit, huge millions in instituting State-owned railways (£302,000,000), ports and harbors, water and irrigation schemes and other forms of State enterprise?

24. The Commission were too circumspect to condemn Capitalist Governments outright in this connection, and although non-committal on the whole much significance attaches to some of their hints. Inflation has been the result, they say, of such policy, and so Government is counselled to leave the field more widely open to private enterprise (Page 19). The implication from these words are, plainly, that Government, having done too much, should cease bolstering up private enterprise so much in the future; otherwise, Australia will go from bad to worse.

25. The grave situation of Australia calls for examination in relation to the foregoing. If the "Big Four" are in duty bound to remain non-committal on the subject, the Labor Movement cannot hesitate in the matter of elucidation.

LABOR'S ECONOMIC POLICY.

26. On our Labor side we affirm that public railways and many other forms of State enterprise are of vital economic necessity in the logical course of Social-economic development. Furthermore, it is a fact, on the authority of this Economic Commission, that our State-owned railways to-day may be reasonably assessed as of greater value than that of their original cost of construction of years ago when costs were much lower than now.

27. All such State-created agencies have immeasurably assisted economic development, potentially, in increasing the power and extending the scope of wealth production in our young country. The proof of this lies in the fact of the colossal aggregate value of the privately-owned lands of Australia—town and country. All of those lands would be immediately rendered worthless practically if all State organs, instrumentalities and civil order, were miraculously removed and destroyed. This self-evident proposition at once establishes the pregnant fact that the productive value of all privately-owned land proceeds from the community or the nation.

ROOT CAUSES OF AUSTRALIA'S STAGNATION.

28. Grant that the private and individual ownership of land is best suited to the present stage of industry and wealth production, that does not, however, entitle the individual to that land value, created, not by any efforts of himself, but by the community. And in its economic meaning "land" signifies the fluid and solid forces of nature.

29. In existing circumstances in Australia, the actual wealth-producer, whether on the farm, in the mine, factory or workshop—whether an employe or employer—is heavily taxed, not alone by Government (which returns, however, such taxation in services), but by the still more burdensome super-tax of the landlord, or land mortgagee, which latter is essentially the same as the landlord. In other words, the social value of the land, which should be of the greatest advantage to wealth production of all kinds—primary or secondary

—is illogically, though legally permitted, to be usurped by individuals to the robbery of the community and a bar to cheaper cost of production.

30. The elements of cost in the production of all articles or forms of real wealth include wages certainly, and the greater the wages the greater the cost; but in addition to this, everything produced is also loaded with the cost of rent or interest arising from the usurpation of the social values by individual owners. The money wages of the worker, which mainly rest upon the cost of living, are thus loaded with a rent charge also, not only for his home as a tenant, but upon every article of his daily needs purchased.

31. In the same way the raw materials of all industry, as well as all buildings, plant and machinery, are loaded with rent or interest arising therefrom. The whole economic position of Australia is analogous to that of a foreign conqueror levying crushing exactions in land value rent and interest, upon the industry of a subject people.

32. In simple terms, the cost of production in Australia is unduly high, and militates against the country's industrial progress. The cost is unduly high because the *social value* of the land of Australia—privately owned and not community owned—is unduly high as the outcome of huge Government expenditure from loans in instituting State-owned railways and all other examples of State enterprise far in advance of other countries.

33. The cost of production in Australia is unduly high consequently, and that, notwithstanding that the real wages of the worker, or his actual share in industry, has not, as shown by Commonwealth Statistics, increased during the past 17 years.

34. The fact is patent also that even were the whole working-class community to submit voluntarily to the reduction of wages by half in the future, the effect would not lessen the cost of production to any appreciable extent. The social value of land throughout the Commonwealth would automatically rise, corresponding to the actual wages cost saved to employers, the private landowners alone benefiting, and production costs remaining practically unaltered.

THE POSITION AUSTRALIA MUST FACE.

35. It is not suggested that rent and interest respecting actual capital outlay in buildings, improvements, machinery, plant, etc., are not legitimate charges on production under individualistic proprietorship. The point is that rent and interest, arising from the private ownership of socially-created land values, are destructive to the economic advancement of Australia.

36. Moreover, it is not suggested that the "change over" of the social value of land to the community from the individual can be accomplished instanter, even were the whole Australian community resolved upon it. The consummation of such remains the ultimate object of Australian democracy and statesmanship, if Australia is to be saved from the possible collapse apprehended to some extent by the British Economic Commission, should the economic circumstances of the present be suffered to continue, without undergoing such vital changes as advocated by the Australian Labor Party.

37. In conclusion, we observe that the report of the Mission has been so interpreted in interested circles as to make it appear that the principles embodied in the Labor Party Platform and Objective, have been condemned as a result of their findings; but a close study of the report only emphasises the fact that all the keenness and diligence in enquiry by four men, trained in capitalistic ideas have clearly acquitted the Australian Labor Movement of any blame attaching to the industrial constriction of Australia, resulting from politico-economic causes for which Capitalist Government of the last 100 years must be held entirely responsible.

KNOW THE BRITISH ECONOMIC COMMISSION.

SIR ARTHUR McDOUGALL DUCKHAM, K.C.B., M.I.C.E., M.I.Chem.E.

Chairman of the Mission; is a member of the Council of Federation of British Industries; is a member of Council of Ministry of Munitions, member of Air Council; and is Director-General of Aircraft Production. Is on the Board of the following companies:

Alexander Duckham & Co. Ltd.
Arthur Duckham & Co. (1920) Ltd. (Chairman).
British Furnaces Ltd.
British Magnesite Calcining Co. Ltd.
Leatherhead Gas and Lighting Co.
Peer Ltd. (Chairman and joint manager).
Stourbridge Refractories Co. Ltd. . (Chairman).
Thermal Industrial and Chemical Research Co. Ltd. (Chairman).
Woodall & Duckham (1920) Ltd. (Chairman).
Woodall-Duckham Vertical Retort and Oven Construction Co. (1920) Ltd. (Chairman).

SIR HUGO HIRST, BART.

Is Chairman and Managing Director of General Electric Co.

Is an associate of Lord Melchett (Sir Alfred Mond), father of "Industrial Peace."

Has big interests in Africa, India and China.

Is a director of many companies, amongst which are:

Anglo-Argentine Electricity Co. Ltd. (Chairman).
Areal Electricity Meter Ltd.
British Electricity and Allied Manufacturers' Association. (Vice-president).
British General Electric Co. (South Africa) Ltd.
General Electricity Co. of China Ltd. (Chairman).
General Electricity Co. of India Ltd. (Chairman).
General Electric de France Ltd. (Chairman).
Lenington Glass Works Ltd. (Chairman).
Palestine Electric Corporation Ltd.
Pirelli-General Cable Works Ltd. (Vice-chairman).
Societe de Produites Chemique des Terres Rares.
Steel Conduit Co. Ltd. (Chairman).
Travancore Minerals Co. Ltd.

SIR ERNEST CLARK, K.C.B.

Has held various important British Government positions, such as Assistant Secretary for Inland Revenue; Assistant Under-Secretary for Ireland; Permanent Secretary to the Treasury of Northern Ireland. He has colonial experience, having been, in 1904, lent to the Cape Government. He was secretary to the Royal Commission on Income Tax (England), 1919-20. His present interests are motor and railway companies. He is a director of:

Associated Daimler Co. Ltd.
Central London Railway Co.
City and South London Railway Co.
London Electrical Railway Co.
London General Omnibus Co.
Metropolitan District Railway Co.
Watford and Edgware Railway Co.
Whitechapel and Bow Railway Co.

DOUGAL ORME MALCOLM, ESQ.

Served in the Colonial Office; was private secretary to Lord Selborne in South Africa (1905-10); secretary to Lord Grey in Canada (1910-11); joined Treasury (British) in 1912. Became director of British South Africa Co. in 1913, and is now a member of the executive committee of that company. Is also a member of the Board of Directors of the British North Borneo (Chartered) Co.

He is also a director of the following companies:

Beira Works Ltd.
Bwana M'Kubwa Copper Mining Co. Ltd.
City and International Trust Ltd.
Companhia de Porto da Beira.
Consolidated Gold Fields of South Africa Ltd.
New Consolidated Gold Fields Ltd.
Port of Beira Development Ltd.
Provident Mutual Life Assurance Association.
Rhodesia Land Bank Ltd.
Rhodesia Railways Trust.
South West African Co. Ltd.

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